



Entergy Arkansas, Inc.  
425 West Capitol Avenue  
PO Box 551  
Little Rock, AR 72203-0551  
Tel 501 377 4457  
Fax 501 377 4415

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Steven K. Strickland  
Vice President  
Regulatory Affairs

SENT OVERNIGHT MAIL

T.R.A. DOCKET ROOM

April 1, 2005

Mr. Pat Miller, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority Docket No 03-00486  
Entergy Arkansas, Inc Request for Approval to enter  
into certain financing transactions during the years 2004  
through 2006

Dear Chairman Miller

Attached are the original and thirteen copies of Entergy Arkansas, Inc's (EAI) Motion to Re-Open Docket for Clarification of Financing Authorization filed March 17, 2005, in Docket No 03-139-U before the Arkansas Public Service Commission (APSC). EAI sought clarification that issuance of shares of \$25 Par Value Preferred Stock as its terms were proposed to be modified, would be regarded by the APSC as being approved for issuance in accordance with the procedures set forth in EAI's Application approved by the APSC in Order No. 2 issued September 30, 2003

EAI's request follows rescission by the SEC of its Statement of Policy for preferred stock which required, in pertinent part, that shares of preferred stock be entitled to consent to the issuance or assumption by a regulated utility of various types of unsecured debt if certain conditions were not met (Unsecured Debt Covenant). The SEC stated that the Statement of Policy had not kept pace with changes in the securities markets and hindered the ability of regulated utilities to raise capital. By removing the Unsecured Debt Covenant with respect to the \$25 Par Value Preferred Stock, EAI will enhance its ability to access the capital markets and to take advantage of favorable market conditions as they develop, thereby potentially increasing the company's financial flexibility and/or decreasing EAI's cost of capital and thereby serving the interests of its customers. To take advantage of favorable market conditions, EAI requested that the APSC consider and act on this request.

EAI respectfully requests the Tennessee Regulatory Authority (TRA) to also clarify that shares of the \$25 Par Value Preferred Stock, as its terms are

Mr Pat Miller  
Page 2  
April 1, 2005

proposed to be modified, will be regarded by the TRA as being approved for issuance in accordance with the procedures set forth in EAI's Application in Docket No. 03-00486

The bond underwriters require APSC and TRA approval of this revision to financing transactions as described above. Attached are an original and 13 copies of the APSC Staff testimony filed by Johnny Brown on March 24, 2005, and Order No. 5 issued on April 1, 2005, by the APSC affirming this clarification. EAI is requesting that the TRA issue an order approving or concurring with the APSC Order which will allow EAI the authority to issue one or more series of the \$25 Par Value Preferred Stock pursuant to TENN CODE ANN. § 65-4-109 EAI requests the TRA to act expeditiously on this request to allow EAI to take advantage of a favorable market

If you have any questions or need additional information, please do not hesitate to call me at (501) 377-4457 or Mr. Will Morgan at (501) 377-5489.

Sincerely,

A handwritten signature in black ink that reads "Steven Schickel /wm". The signature is written in a cursive, flowing style.

SKS/tj  
Attachments

MAR 17 11 30 AM '05

BEFORE THE **FILED**  
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF ENTERGY ARKANSAS, INC. FOR )  
AUTHORIZATION TO ENTER INTO )  
CERTAIN FINANCING TRANSACTIONS )  
BETWEEN JANUARY 1, 2004, AND )  
DECEMBER 31, 2006 )

DOCKET NO. 03-139-U

MOTION TO RE-OPEN DOCKET FOR CLARIFICATION  
OF FINANCING AUTHORIZATION

COMES NOW ENTERGY ARKANSAS, INC. ("EAI" or the "Company"),  
and for its Motion to Re-open Docket for Clarification of Financing Authorization  
states:

1. On August 20, 2003, EAI filed an Application requesting that the  
Arkansas Public Service Commission ("APSC" or the "Commission") authorize  
the Company to engage in financing transactions from January 1, 2004 through  
December 31, 2006. EAI is subject to the jurisdiction of the Commission and is  
also subject to the jurisdiction of the Securities and Exchange Commission  
("SEC") under the Public Utility Holding Company Act of 1935 ("PUHCA"), as  
amended, as an electric utility subsidiary of Entergy Corporation, which is a  
registered public utility holding company.

2. On September 30, 2003, the Commission issued Order No. 2 in  
Docket No. 03-139-U granting EAI the financing authorization it requested.

There being no further action on this matter, the Commission closed the Docket on January 30, 2004.

3. EAI wishes to re-open the Docket for the purpose of clarifying that its issuance of shares of the \$25 Par Value Preferred Stock, as its terms are proposed to be modified, will be regarded by the Commission as being approved for issuance in accordance with the procedures set forth in the Application in this Docket. EAI will propose to its common shareholder an amendment to EAI's Amended and Restated Articles of Incorporation. The proposed amendment will modify the terms of its existing class of \$25 Par Value Preferred Stock. The terms of EAI's existing classes of \$100 Par Value and of Class A Preferred Stock will not be modified and, therefore, the holders of shares of these classes of preferred stock are not entitled to vote on the proposed amendment. There are no shares of EAI's \$25 Par Value Preferred Stock outstanding and, therefore, no current shareholders are being adversely affected by the proposed amendment.

4. Pursuant to Rule 4.02(b) of the Commission's Rules of Practice and Procedure, EAI will file with the Commission an original and 13 copies of the Articles of Amendment to the Amended and Restated Articles of Incorporation of EAI following their adoption.

5. The Articles are being amended following rescission by the SEC of its Statement of Policy for preferred stock which required, in pertinent part, that shares of preferred stock be entitled to consent to the issuance or assumption by a regulated utility of various types of unsecured debt if certain conditions were

not met ("Unsecured Debt Covenant").<sup>1</sup> The SEC stated that the Statement of Policy had not kept pace with changes in the securities markets and hindered the ability of regulated utilities to raise capital. By removing the Unsecured Debt Covenant with respect to the \$25 Par Value Preferred Stock, EAI will enhance its ability to access the capital markets and to take advantage of favorable market conditions as they develop, thereby potentially increasing the company's financial flexibility and/or decreasing the Company's cost of capital and thereby serving the interests of its customers.

6. The amendment will not change the authorized capital stock of EAI. Therefore, the financial impact of issuing one or more series of the \$25 Par Value Preferred Stock has been considered in Docket No. 03-139-U, in which the Commission authorized EAI's financing plan from January 1, 2004 through December 31, 2006.

7. The \$25 Par Value class of preferred stock will retain the same rank and relative rights of the other classes of EAI's preferred stock, except that the Unsecured Debt Covenant formerly required by the SEC will not apply to it. The Unsecured Debt Covenant will continue to apply to shares of the other classes of preferred stock until they are retired. As a result, the \$25 Par Value class may no longer be considered to be substantially identical to the other classes of preferred stock as was represented in EAI's Application in Docket No. 03-139-U. However, because the financial impact of issuing one or more series

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<sup>1</sup> The Statement of Policy appears as Holding Co. Release No. 13106, and it was modified by Holding Co. Release No. 16758. The SEC release rescinding the statement of policy is Holding Co. Release No. 26826. The release in which the rescission was proposed is Holding Co Release No. 26312

of these securities has been considered and approved, EAI regards the approving orders in the Docket to include shares of the \$25 Par Value Preferred Stock as its terms are proposed to be modified.

8. EAI respectfully requests the Commission re-open this Docket to clarify that shares of the \$25 Par Value Preferred Stock, as its terms are proposed to be modified, will be regarded by the Commission as being approved for issuance in accordance with the procedures set forth in EAI's Application in Docket No. 03-139-U. Such clarification is required so that EAI can issue shares of the \$25 Par Value of Preferred Stock, if and when the Articles of Amendment are adopted.


9. The Tennessee Regulatory Authority ("TRA") also regulates the issuances of securities by EAI. EAI must, therefore, comply with applicable rules and regulations promulgated by the SEC under PUHCA and by the TRA and secure certain approvals of the TRA in connection with the proposed transactions described herein, in addition to those approvals it must obtain from this Commission. In order to take advantage of favorable market conditions, EAI requests that the Commission consider and act on this Motion expeditiously, which will allow the Company to make a similar request before the TRA.

WHEREFORE, ENTERGY ARKANSAS, INC. respectfully requests that the Commission:

- (a) re-open Docket No. 03-139-U to consider this Motion;
- (b) approve EAI's request to clarify that its issuance of shares of the \$25 Par Value Preferred Stock, as its terms are proposed to be modified, will be regarded by the Commission as being approved for issuance in accordance with the procedures set forth in the Application in this Docket; and
- (c) grant all other proper relief.

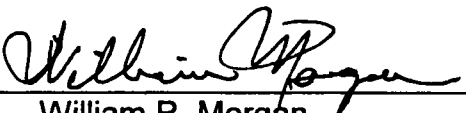
DATED this 17<sup>th</sup> day of March, 2005.

ENTERGY ARKANSAS, INC.

By:   
Paul Benham  
Attorney at Law  
Friday, Eldredge, Clark, LLC  
400 West Capitol Avenue  
Suite 2000  
Little Rock, AR 72203  
Telephone: (501) 370-1517

CERTIFICATE OF SERVICE

I, William R. Morgan, do hereby certify that a copy of the foregoing has been served upon all parties of record this 17th day of March 2005.

  
William R. Morgan



MAR 24 12 16 PM '05

BEFORE THE  
ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE APPLICATION )  
OF ENTERGY ARKANSAS, INC. FOR )  
AUTHORIZATION TO ENTER INTO )  
CERTAIN FINANCING TRANSACTIONS )  
BETWEEN JANUARY 1, 2004, AND )  
DECEMBER 31, 2006 )

DOCKET NO. 03-139-U

SUPPLEMENTAL TESTIMONY

OF

JOHNNY BROWN  
SENIOR FINANCIAL ANALYST

FINANCIAL ANALYSIS SECTION

ON BEHALF OF THE  
ARKANSAS PUBLIC SERVICE COMMISSION STAFF

MARCH 24, 2005

**INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Johnny Brown. My business address is Arkansas Public Service Commission (Commission or APSC), 1000 Center Street, Little Rock, Arkansas, 72201.

**Q. Are you the same Johnny Brown who filed Prepared Testimony in this Docket on September 25, 2003?**

A. Yes, I am.

**PURPOSE**

**Q. What is the purpose of your Supplemental Testimony in this proceeding?**

A. The purpose of my testimony is to address the Motion to Re-open Docket for Clarification of Financing Authorization (Motion) filed March 17, 2005 by Entergy Arkansas, Inc. (EAI or Company). EAI seeks to re-open the Docket for the purpose of clarifying that its issuance of shares of the \$25 Par Value Preferred Stock, as its terms are proposed to be modified, will be regarded by the Commission as being approved for issuance in accordance with the procedures set forth in the Application in this Docket.

**COMPANY REQUEST**

**Q. Briefly summarize the Company's request.**

A. As stated in the Motion, on August 20, 2003, EAI filed an Application requesting that the Arkansas Public Service Commission (APSC or Commission) authorize the Company to engage in financing transactions from January 1, 2004 through December 31, 2006. The Motion further provides that EAI is subject to the jurisdiction of the Commission and is also subject to the jurisdiction of the Securities and Exchange Commission (SEC) under

ENTERGY ARKANSAS, INC.  
DOCKET NO. 03-139-U  
SUPPLEMENTAL TESTIMONY OF JOHNNY BROWN -2-

1 the Public Utility Holding Company Act of 1935, as amended, as an electric utility  
2 subsidiary of Entergy Corporation, which is a registered public utility holding company.

3 In its August 20, 2003 Application, EAI requested in pertinent part the  
4 authorization to create, issue, and sell, from time to time but not earlier than January 1,  
5 2004, and not later than December 31, 2006, one or more series of its \$100 Par Value,  
6 \$25 Par Value or Class A Preferred Stock. The Preferred Stock would be issued in  
7 accordance with EAI's Articles of Incorporation which are on file with the Commission  
8 as required by Rule 4.02 of the Commission's Rules of Practice and Procedure. The  
9 Application on page 10 stated:

10 [e]ach new series of the Preferred Stock shall have the same rank and  
11 relative rights as, and shall otherwise be identical to, each series of EAI's  
12 Preferred Stock presently issued and outstanding except with respect to  
13 par value and/or involuntary liquidation value and except that the  
14 resolutions authorizing the creation of each such new series of Preferred  
15 Stock may provide for different dividend rates, dates from which  
16 dividends shall commence to accumulate, redemption rates, and  
17 redemption restrictions, if any.

18  
19 In my Prepared Testimony I recommended approval of the request, and on September 30,  
20 2003, the Commission issued Order No. 2 in Docket No. 03-139-U granting EAI the  
21 financing authorization it requested. The Docket was closed on January 30, 2004 by  
22 Order No. 4.

23 **Q. Why is clarification needed on the previously granted financing authorization?**

24 A Effective February 26, 1998, the SEC rescinded its Statement of Policy for preferred  
25 stock which required, in pertinent part, that shares of preferred stock be entitled to  
26 consent to the issuance or assumption by a regulated utility of various types of unsecured  
27 debt if certain conditions were not met (Unsecured Debt Covenant). The SEC stated that

ENTERGY ARKANSAS, INC.  
DOCKET NO. 03-139-U  
SUPPLEMENTAL TESTIMONY OF JOHNNY BROWN -3-

1 the Statement of Policy had not kept pace with changes in the securities markets and  
2 hindered the ability of regulated utilities to raise capital. In light of the SEC rescission of  
3 its Statement of Policy, EAI is proposing to its common shareholders an amendment to  
4 EAI's Amended and Restated Articles of Incorporation modifying the terms of its  
5 existing class of \$25 Par Value Preferred Stock. In the proposed amendment, the terms  
6 of EAI's existing classes of \$100 Par Value and of Class A preferred Stock will not be  
7 modified. The \$25 Par Value class of preferred stock will retain the same rank and  
8 relative rights of the other classes of EAI's preferred stock, except that the Unsecured  
9 Debt Covenant formerly required by the SEC will not apply to it, but will continue to  
10 apply to shares of the other classes of preferred stock until they are retired. As a result of  
11 the proposed amendment to EAI's Amended and Restated Articles of Incorporation, the  
12 \$25 Par Value class may no longer "otherwise be identical to each series of EAI's  
13 Preferred Stock presently issued and outstanding" as was represented in the August 20,  
14 2003 Application. EAI is therefore requesting that the Commission clarify that shares of  
15 the \$25 Par Value Preferred Stock, as its terms are proposed to be modified, will be  
16 regarded by the Commission as approved for issuance in accordance with the  
17 authorization previously granted in this Docket. Such clarification is required so that EAI  
18 can issue shares of the \$25 Par Value Preferred Stock if and when the proposed  
19 amendment to EAI's Amended and Restated Articles of Incorporation is adopted.

20 **Q. Are there any shares of the \$25 Par Value Preferred Stock outstanding?**

21 **A** No. In its Motion, EAI states that there are no shares of \$25 Par Value Preferred Stock  
22 outstanding. This assessment is consistent with my review. In its Application, the

ENTERGY ARKANSAS, INC.  
DOCKET NO 03-139-U  
SUPPLEMENTAL TESTIMONY OF JOHNNY BROWN -4-

1 Company stated that its Articles of Incorporation authorized the issuance of 9,000,000  
2 shares of its \$25 Par Value Preferred Stock and no shares were issued and outstanding as  
3 of June 30, 2003. EAI is required by Order No. 2 to file reports with the Commission of  
4 any issuances under the authorization granted and no preferred stock issuances have been  
5 reported.

6 **Q. What does the Motion provide with regard to the impact on other shareholders?**

7 A The Company states in its Motion that since the terms of EAI's existing classes of \$100  
8 Par Value and of Class A Preferred Stock will not be modified, the holders of shares of  
9 these classes of preferred stock are not entitled to vote on the proposed amendment  
10 There are no shares of EAI's \$25 Par Value Preferred Stock outstanding and, therefore,  
11 no current shareholders are being adversely affected by the proposed amendment.

12 **Q. What benefit from the proposed modification of the terms of its \$25 Par Value**  
13 **Preferred Stock did the Company identify?**

14 A EAI states that by removing the Unsecured Debt Covenant with respect to the \$25 Par  
15 Value Preferred Stock, EAI will enhance its ability to access the capital markets and to  
16 take advantage of favorable market conditions as they develop, thereby potentially  
17 increasing the Company's financial flexibility and/or decreasing the Company's cost of  
18 capital and thereby serving the interest of its customers.

19 **Q. Will the proposed amendment change the authorized capital stock of EAI?**

20 A. The Motion indicates that the amendment will not change the authorized capital stock of  
21 EAI The financial impact of issuing one or more series of the \$25 Par Value Preferred

1 Stock has, therefore, been considered in the financing authorization previously granted in  
2 this Docket.

3 **RECOMMENDATIONS**

4 **Q. What is your recommendation?**

5 A. Based on the representations made by the Company, I recommend that the Motion be  
6 granted. Specifically, I recommend that shares of EAI's \$25 Par Value Preferred Stock,  
7 as its terms are proposed to be modified, be regarded by the Commission as being  
8 approved for issuance in accordance with the procedures set forth in the Application in  
9 this Docket. It should be noted that nothing in my testimony constitutes a  
10 recommendation of value for ratemaking purposes. The appropriate ratemaking  
11 treatment of any of the issues addressed in this Docket is expressly reserved for future  
12 consideration.

13 **Q. Do the specific reporting requirements per Order No. 2 apply to this request?**

14 A Yes The reporting requirements established by Order No. 2 of this Docket should be  
15 applicable to the clarification sought in the Motion. Further, EAI has indicated in its  
16 Motion that, pursuant to Rule 4.02 (b) of the Commission's Rules of Practice and  
17 Procedure, EAI will file with the Commission its Articles of Amendment to the Amended  
18 and Restated Articles of Incorporation of EAI following their adoption I recommend  
19 that the above reporting be specified in any approval order of the Commission.

20 **Q. Does this conclude your testimony?**

21 A. Yes, it does.

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served on all parties of record by forwarding the same by first class mail, postage prepaid, this 24<sup>th</sup> day of March, 2005.

Valerie Byrne

ARK P  
DI  
SEC  
JUL A.  
J  
IAM.

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ARKANSAS PUBLIC SERVICE COMMISSION

FILED

IN THE MATTER OF THE APPLICATION	)	
OF ENTERGY ARKANSAS, INC. FOR	)	
AUTHORIZATION TO ENTER INTO	)	DOCKET NO. 03-139-U
CERTAIN FINANCING TRANSACTIONS	)	ORDER NO. 5
BETWEEN JANUARY 1, 2004, AND	)	
DECEMBER 31, 2006	)	

**ORDER**

On March 17, 2005, Entergy Arkansas, Inc. (EAI or Company) filed its Motion to Re-open Docket for Clarification of Financing Authorization (Motion). In its Motion EAI states its intent to propose to its common shareholder an amendment to EAI's Amended and Restated Articles of Incorporation that will modify the terms of EAI's existing class of \$25 Par Value Preferred Stock, none of which is currently outstanding.

EAI states in its Motion that the Articles are being amended following rescission by the Securities Exchange Commission ("SEC") of its Statement of Policy for preferred stock which required, in pertinent part, that shares of preferred stock be entitled to consent to the issuance or assumption by a regulated utility of various types of unsecured debt if certain conditions were not met.

The SEC states in its releases proposing and announcing its rescission that the Statement of Policy has not kept pace with changes in the securities markets and hindered the ability of regulated utilities to raise capital. EAI believes that by removing the debt provision with respect to its \$25 Par Value Preferred Stock, it will enhance its ability to access capital markets and to take advantage of more favorable market conditions, thereby serving the interests of its customers.

1  
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EAI notes that the proposed amendment will not change its authorized capital stock. For that reason, EAI seeks to re-open this Docket for clarification from the Commission that the financial impact of issuing one or more series of the \$25 Par Value Preferred Stock is consistent with EAI's authorized financing plan from January 1, 2004 through December 31, 2006. EAI's Application for authorization to engage in financing transactions was approved by the Commission on September 30, 2003 in Order No. 2

The \$25 Par Value class of preferred stock retains the same rank and relative rights of the other classes of EAI's preferred stock, except that the unsecured debt covenant formerly required by the SEC will not apply to it. The unsecured debt covenant will continue to apply to shares of the other classes of preferred stock until they are retired. As a result, EAI is concerned that the \$25 Par Value class may no longer be considered to be substantially identical to the other classes of preferred stock as was represented in EAI's Application in Docket No. 03-139-U. However, because the financial impact of issuing one or more series of these securities has been considered and approved, EAI regards the approving orders in the Docket to include shares of the \$25 Par Value Preferred Stock as its terms are proposed to be modified.

On March 24, 2005, Johnny Brown, a senior financial analyst for the APSC General Staff, filed Supplemental Testimony recommending approval of EAI's request. Mr. Brown further recommended that the reporting requirements established by Order No. 2 of this Docket be applicable to the clarification sought in the Motion and that EAI be required, pursuant to Rule 4.02 of the Commission's Rules of Practice and Procedure,


to file its Articles of Amendment to the Amended and Restated Articles of Incorporation following their adoption.


IT IS, THEREFORE, ORDERED that EAI's Motion to Re-Open Docket for Clarification of Financing Authorization should be and is hereby granted and that the financing authorizations contained in Order No. 2 in this Docket entered on September 30, 2003, by the Administrative Law Judge, as affirmed by Order No. 3, should be and hereby are ordered to include the \$25 Par Value Preferred Stock as its terms are proposed to be modified as described in EAI's Motion, subject to the reporting requirements recommended by Staff.


BY ORDER OF THE COMMISSION

This 1<sup>st</sup> day of April, 2005.

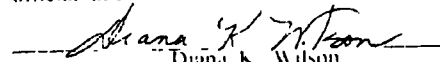
  
Sandra L. Hochstetter, Chairman

  
Daryl E. Bassett, Commissioner

  
Randy Bynum, Commissioner

  
Diana K. Wilson  
Secretary of the Commission

I hereby certify that the following order issued by the Arkansas Public Service Commission has been served on all parties of record this date by U.S. mail with postage prepaid, using the address of each party as indicated in the official docket file.

  
Diana K. Wilson  
Secretary of the Commission  
Date April 1, 2005